

ORDINANCE 99-10

**APPROVING AN AGREEMENT FOR THE ACQUISITION OF
THE ASSETS OF THE RUSSELL ROAD WATER CORPORATION,
AND APPROVING THE ISSUANCE AND DELIVERY OF A
PROMISSORY NOTE AS CONSIDERATION FOR SUCH
ACQUISITION**

WHEREAS, pursuant to Indiana Code Sections 36-9-2-14, 36-9-2-15, and 8-1.5-1-1, et seq., the City of Bloomington, Monroe County, Indiana (the "City") owns, operates, manages and controls a water utility system, known as the City of Bloomington Utilities; and

WHEREAS, pursuant to Indiana Code Section 8-1.5-2-3(b), the City may acquire the assets of a public utility that are located within a six (6) mile radius of the corporate boundaries of the City without the consent of any agency or entity other than this Common Council; and

WHEREAS, the Russell Road Water Corporation ("Seller") has offered to sell to the City its water utility system, which is located and serving customers in an area previously annexed into the City by Ordinance 95-66 and certain adjacent areas (the "Russell Road Assets"), pursuant to the terms of a certain agreement which is attached hereto as Exhibit A and which, including its attachments, is incorporated herein by reference (the "Agreement"); and

WHEREAS, other than the cost to connect the Russell Road Assets to the City's existing water utility system, there should be no other immediate repairs, replacements or additions to the Russell Road Assets needed to make them effective for the purpose of providing water utility service to customers; and

WHEREAS, pursuant to the terms of the Agreement, no lien or other encumbrance will exist on the Russell Road Assets; and

WHEREAS, as consideration for the transfer of the Russell Road Assets to the City, the City will deliver a promissory note to the Seller in the principal amount of \$170,000 and in substantially the form as set forth on the attached Exhibit B (the "Promissory Note"); and

WHEREAS, the Promissory Note shall be secured only by the revenues of the City of Bloomington Utilities Department, and shall not constitute a corporate indebtedness of the City within the provisions and limitations of the Constitution of the State of Indiana; and

WHEREAS, customers acquired from the Russell Road Water Corporation will pay the customary rates and charges which are generally applicable to City of Bloomington Utilities water customers and have been approved by the Indiana Utility Regulatory Commission; and

WHEREAS, said customers have been notified of the proposed acquisition by two neighborhood meetings and have expressed general support for the acquisition;

NOW, THEREFORE, BE IT HEREBY ORDAINED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. The Common Council, after investigation and consideration, finds that the acquisition of the Russell Road Assets is in the public convenience and necessity and will further the public health and welfare of the people of the City.

SECTION 2. The Common Council finds that the Agreement is a just and equitable agreement.

SECTION 3. The Common Council hereby approves the acquisition of the Russell Road Assets, and directs the City of Bloomington Utilities Service Board to execute the Agreement and orders the Utilities Service Board to take all necessary actions to complete the acquisition of the Russell Road Assets pursuant to the terms and conditions of the Agreement.

SECTION 4. The Common Council hereby approves the issuance of the Promissory Note and the delivery of the Promissory Note to the Seller, and directs the City of Bloomington Utilities Service Board to execute the Promissory Note and deliver it to Seller in accordance with the terms of the Agreement.

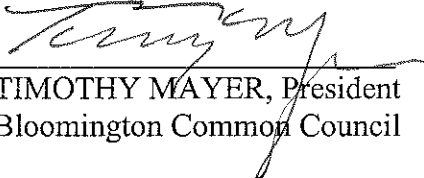
SECTION 5. The Common Council finds that customers currently served by the Russell Road Assets and customers to be served by such assets in the future should be charged the customary rates and charges which are generally applicable to City of Bloomington Utilities water customers and have been approved by the Indiana Utility Regulatory Commission, unless otherwise determined by this Council in the future.

SECTION 6. The Common Council directs the Clerk of this Council to immediately cause to be published, in accordance with Indiana Code Section 5-3-1-1, et seq., notice of the adoption of this ordinance.

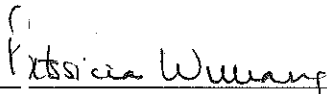
SECTION 7. If any sections, sentence or provision of this ordinance, or the application thereof to any person or circumstances shall be declared invalid, such invalidity shall not affect any of the other sections, sentences, provisions, or applications of this ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable.

SECTION 8. This ordinance shall be in full force and effect from and after its passage by the Common Council of the City of Bloomington and approval of the Mayor.

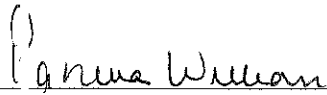
PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 2nd day of June, 1999.


TIMOTHY MAYER, President
Bloomington Common Council

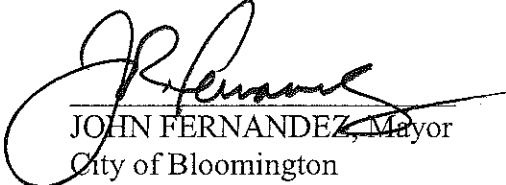
ATTEST:


PATRICIA WILLIAMS, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this 2nd day of June, 1999.


PATRICIA WILLIAMS, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this 2nd day of June, 1999.


JOHN FERNANDEZ, Mayor
City of Bloomington

SYNOPSIS

This ordinance authorizes and directs the City of Bloomington Utilities Service Board to execute an Agreement and supporting Promissory Note for the acquisition of the assets of the Russell Road Water Corporation. This acquisition will allow the City's Utilities Department to provide water service to city residents that were annexed under Ordinance 95-66. The acquisition will be funded solely by Utilities revenues.

Signed copies to:
Legal Dept - Jennifer Lloyd. Controller - 2
Utilities